

Remarks

**Claims 1, 5-6, 16, and 21 are rejected under 35 U.S.C. 102(b) as being anticipated by Ballard.**

Credit card processing systems are extremely well known so that when subtle differences in such systems as taught by Applicant can result in very large cost savings, it is respectfully submitted that this is indicative of patentable material. Ballard appears to be directed more toward checking systems. To the extent Ballard attempts to disclose a credit card processing system, the Ballard system is believed to be significantly poorer in operation to Applicant's system as explained hereinafter because it is unlikely to save any costs and may even be more expensive to operate than prior art systems. Accordingly, Applicant has made amendments to the claims to distinguish Ballard.

**Brief Summary of Ballard:**

Summarizing what are believed to be the relevant portions of the Ballard system, the types of human readable text of Ballard, which may also be read by machine OCR (optical character recognition), found on a paper receipt used in Ballard are as shown in Col. 9, lines 42-Col. 10, lines 18 and in FIG. 3B. However, Ballard does not provide that machine readable data comprising credit card number, purchase price, and purchase data is also positioned elsewhere on the paper receipt. Instead, Ballard states that additional information which is not pictured (or in other words not printed) on the receipt is stored as an electronic tag at Col. 10, lines 18-40. Ballard also states that a machine readable glyph may or may not be used (Col. 10, line 61) and may provide error correction codes to reduce scanning errors (Col. 6, lines 15-22) and could identify the location of the signature (Col. 11, line 8).

In operation, Ballard explains how the human readable text is initially scanned or captured to produce a bit map image (BI) (Col. 7, lines 61-65) and then further processed to

produce a tagged, encrypted, compressed bit image (TECBI) (Col. 8, lines 1-50) and then stored. The information is eventually transmitted to processors 600 which process data from many locations (FIG. 1). In other words, processors 600 are at a different location than the many locations which produce the data. Processor 600 obtains the original bit image (BI) from the TECBI, and divides it into snippets, perhaps using data from the glyphs, which correspond to fields on the receipt (See FIG. 3B) to complete data capture operations (Col 20, lines 56-66), apparently using OCR to transform the bit image of the human readable text snippets into machine read data.

Referring specifically to the quoted portions in the Office Action from Ballard, (col, 3, lines 32-67; col. 5, line 32 to col. 6, line 12; col. 7, lines 5-30), these quotes do not show the amended elements in the presently amended claim language.

**Argument:**

Unlike Applicant's amended independent claims 1 and 16, Ballard does not provide machine readable data and separately positioned human readable text on the same paper receipt which each include at least the purchase price and date. Without these very specific claimed features, Ballard cannot possibly operate as Applicant's system and is believed to be highly inefficient, in fact probably useless, for the purposes of reducing chargeback costs as taught by Applicant. The errors inherent in the Ballard system, which are even recognized by Ballard (Col. 9, line 2-6) will cause increased work, which may completely offset the cost benefits.

Interestingly, Ballard recognizes its own infirmity and apparently still requires the merchant to retain the paper receipts (with the very high attendant costs of all present prior art systems) as shown in Col. 9, line 2-6 due to potential scanning errors which, as was previously discussed with the Examiner, are more likely to result with OCR type operation as apparently used by Ballard. If the massive number of receipts could ever be filed so as to be "quickly relocated" as proposed by Ballard over significant time periods, then there would be no motivation for the system in the first place. Ballard apparently does not appear to understand this basic problem of chargeback receipts. On the other hand, Applicant's system permits paper receipts to be

completely discarded rather than have them filed using a "batch ticket" for "quickly relocating." Therefore, although the differences of Applicant's system may appear subtle, they are very important.

Establishing anticipation under 35 U.S.C. §102(b) requires that a single prior art reference contain every element recited in the claim in as complete detail as is contained in the claim. "The identical invention must be shown in as complete detail as is contained in the claim." *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir 1989) See also M.P.E.P. (Manual of Patent Examining Procedure) § 2131. Further, "[A]nticipation requires that ... the prior art reference must be enabling, thus placing the alleged disclosed matter in the possession of the public." *Akzo n.v. v U.S. Int'l Trade Commisston*, 808 F.2d 1471, 1 USPQ 2d 1241, 1245 (Fed. Cir. 1986) (citing *In re Brown*, 329 F.2d 1006, 1011, 141 USPQ 245, 249 (C.C.P.A. 1964). "There must be no difference between the claimed invention and the reference disclosure..." *Scripps Clinic & Research Foundation v. Genetech Inc.*, 927 F.2d 1565, 18 USPQ 2d 1001, 1010 (Fed Cir. 1991).

Plainly, Ballard does not provide machine-readable data and separately located human-readable text on the receipt wherein the machine-readable data comprises credit card number, an amount of purchase, and a date of purchase, and the human-readable text comprises the amount of purchase and the date of purchase. Accordingly, Ballard cannot possibly operate in the same manner as Applicant's design to produce significant cost savings. In fact, the Ballard system may result in greater costs rather than reducing costs. In any case, the Ballard design is plainly not the same as Applicant's presently claimed design as required to support a rejection under 35 U.S.C. 102(b).

Additionally, unlike Ballard, Applicant's dependent claim 5 and independent claim 19

are amended to call for programming that causes the printer to print the machine readable data and the separately positioned human readable text on the receipt. Ballard clearly does not show this. Although Ballard does not show the above features, Applicant's dependent claims 6 and 19 even specifically rule out the OCR methods as apparently used by Ballard, which Applicant explained in the specification is not the preferred method (namely due to the problem of errors which Ballard admits to having). Applicant's dependent claim 3 points out that Applicant preferably scans and recognizes at the same location because in Applicant's preferred embodiment there is no need for the extensive computer power required for OCR which is apparently the reason Ballard does this.

**Claims 2-4, 7-15, 17, and 19-20 are rejected under 35 U.S.C. 103(a) as being anticipated by Ballard in view of Cruse (2002/0010659).**

**1. All Claim Limitations Are Not Disclosed.**

As noted above, Ballard does not disclose all claim limitations of claims 1 and 16. Cruse does not cure the infirmities of Ballard and, in fact, Cruse has little or nothing to do with credit card transactions at all, but is simply an inventory system that uses bar code to generate orders when stock is low. The portion of Cruse cited in the Office Action (p. 5, paragraph 61) simply refers to printing bar code labels to put on the inventory for automatically refilling the inventory (See Fig. 2 where bar code scanner 215 is used to scan bar codes on inventory bins 210A and 210B and discussion in paragraph 29). Contrary to the Office Action, Cruse does not permit others to view an image of a paper receipt. Cruse does not teach anything about a purchaser readable copy of an endorsed receipt. There is no apparent motivation or reason to do this in Cruse, even if Cruse had the capability, because persons using the Cruse system do not order for themselves but simply use the system to fill predetermined inventory orders made when inventory becomes low. The system is limited to people with IDs and is not used for general purchases but rather to refill inventory. There are no signatures to verify. Cruse never mentions

or discusses signatures for the same reason. In other words, Cruse does not scan the receipt to keep an image of the receipt or of any endorsement. Instead Cruse teaches that a bar code is scanned at the inventory bin as shown in Fig. 2 to generate an order for refilling the inventory. Cruse simply uses the information from the bar code to automatically order a refill of the inventory. Moreover, Cruse does not have anything to do with credit card transactions and is completely unsuited to handling millions of transactions. Cruse lets management look over the inventory refill orders, which are not electronic representations of paper receipts with endorsements but simply summaries of the data produced by scanning bar codes, to check them. Instead Cruse is an inventory system that uses a bar code on the inventory for automatic ordering when supplies are low. Contrary to the Office Action, it would not make any sense for Cruse to use any OCR at all due to the potential errors and because this information is already present. OCR is highly unlikely to improve accuracy so as to be a significant cost with little or no benefit.

In order to establish a prima facie case under 35 U.S.C. 103(a) all the claim limitations must be taught or suggested by the prior art. The showing must be clear and particular. See, e.g., *C.R. Bard*, 157 F.3d at 1352, 48 USPQ2s at 1232. See M.P.E.P. 2143.03. Cruse does not show the elements which the Office Action asserts are shown by Cruse. Cruse plainly does not teach creating an electronic copy of an endorsed paper receipt so that it can be read at another location as asserted in the Office Action. Accordingly the rejection is respectfully traversed.

## **2. Lack of Motivation to Make the Proposed Combination**

There is no motivation to combine Ballard with Cruse as required to support a rejection under 35 U.S.C. 103(a). "Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion supporting the combination. Under section 103, teachings of references can be combined *only* if there is some suggestion or incentive to do so." (quoting *ACS Hosp. Systems, Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984)). . . .

Neither Ballard nor Cruse recognize the solution found by Applicant. Ballard does not recognize the problem of completely eliminating paper involved in chargebacks in a manner that results in error free data. Cruse is not even aware of the problem of chargebacks and has nothing to do with credit cards. Given the vacuum of knowledge in the prior art concerning the operation of Applicant's invention for solving the problem defined, and solved only by Applicant, there would be no motivation at the time of the invention for one of skill in the art to combine Ballard with Cruse to provide the elements of Applicant's claimed invention as required to support a rejection under 35 U.S.C. 103(a), even if Ballard and Cruse, taken together did show all elements of Applicant's invention. Because there is clearly no such motivation, Applicant respectfully submits the rejection is traversed.

**3. Factual Inquiries Under Graham v John Deere to determine if the proposed combination would be obvious to those of skill in the art.**

Under M.P.E.P. 2141.01, Scope and Content of the Prior art, Section III entitled "Content of the Prior Art Is Determined at the Time the Invention Was Made to Avoid Hindsight," the Examiner should ascertain the state of the prior art prior to the invention. Moreover, the law is clear that nonobviousness of a solution is strongly evidenced when experts in the art have tried and failed to solve long-standing problems, which is exactly the situation in the present case.

Those skilled in the art have long been aware of and have attempted to solve the very expensive problems related to charge backs. Houvener, which was discussed previously and who cited Ballard, was not able to solve the problems in a way that is satisfactory for merchants and customers, or that resolved bottlenecks. With Houvener, there is considerable doubt that the signature information is valid due to the ability to add a signature to any transaction data so that Houvener customers cannot be certain the stored signature information can be trusted. Moreover, Houvener may require a change of POS equipment which can be very expensive and there is concern that the equipment may not be particularly reliable over the long term. With Ballard, there are clearly error problems recognized even by Ballard himself who apparently

does not solve the problem of getting rid of paper receipts but requires storing the masses of receipts in a different way that is already done today by using batch receipts. Cruse does not even recognize the problem at all. Cruse has nothing to do with credit card processing. Accordingly, it is beyond the realm of credibility that it would somehow be obvious to one of skill in the art to solve the long-standing, very costly problem confronting merchants and their customers, by combining Ballard with Cruse to provide a solution completely unrecognized by Ballard or Cruse. "It is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the prior art so that the claimed invention is rendered obvious. This court has previously stated that "[o]ne cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention." (quoting *In re Fine*, 837 F.2d 1071, 1075, 5 USPQ 2d 1596, 1600 (Fed. Cir. 1988).") In the present case, the teachings of the prior art, even if combined, do not show all the claim limitations anyway.

In any case, it is seen in the prior art that many attempts by those of skill in the art were made to solve the problem but the attempts have not been successful. After more than a decade of numerous failed attempts by those of skill in the art to solve a deep-seated and vexing problem, long after the computer technology has been available, Applicant's system is the first to provide a very efficient system that eliminates the problems, reliability, and bottlenecks of prior art systems.

Given the longstanding and serious nature of the problem, and the previous attempts to solve the problem, it is abundantly clear that a workable solution in accord with Applicant's claim language was not obvious to those of skill in the art. Accordingly, Applicant respectfully submits that the rejection of claims 2-4, 7-15, 17, and 19-20 is traversed.

**4. There would be no teaching of how to modify the Ballard credit card system by various components from the Cruse inventory control system even if Cruse did disclose the missing components, which it does not.**

Modifying Ballard to operate with Cruse does not appear possible or practical because

Cruse does not have anything to do with credit card systems. It is not readily apparent how one of skill in the art viewing Cruse and Ballard would know how to modify Ballard by Cruse because Cruse does not show elements such as machine readable bar codes in combination with copies of an endorsed receipt. Due to completely different operation and goals of operation, modification of Ballard by Cruse is likely to frustrate operation of Ballard. It is not obvious to make a modification that frustrates the intended operation of a patent. Therefore, the rejection is respectfully traversed.

**5. Cruse is nonanalogous art because it is directed to an inventory system and has nothing to do with chargebacks or even with credit card transactions.**

"It is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the prior art so that the claimed invention is rendered obvious. This court has previously stated that "[o]ne cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention." (quoting *In re Fine*, 837 F.2d 1071, 1075, 5 USPQ 2d 1596, 1600 (Fed. Cir. 1988). *In re Fritch*, 23 USPQ 2d 1780, 1784 (Fed. Cir. 1992). "In the instant application, the Examiner has done little more than cite references to show that one or more elements or subcombinations thereof, when each is viewed in a vacuum, is known. . . . Based upon the record before us, we are convinced that the artisan would not have found it obvious to selectively pick and choose elements or concepts from the various references so as to arrive at the claimed invention without using the claims as a guide." *Ex parte Clapp*, 227 USPQ 972, 973 (B.P.A.I. 1985)

With all due respect, it is clear that Applicant's claims were used in hindsight to provide a search list for the listed claim components from otherwise seemingly unrelated patents. One of skill in the art would not be in possession of the search list without having read Applicant's specification, and would not have found it obvious to selectively pick and choose the elements and concepts taught by Applicant's specification. "To imbue one of skill in the art with knowledge of the invention in suit, when no prior art reference or references suggest that knowledge, is to fall victim to the insidious syndrome wherein that which only the inventor taught is used against its teacher." *W.L. Gore*, 721 F.2d at 1553, 220 U.S.P.Q. at 312-13. "It is essential that the



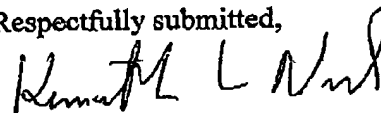
decisionmaker forget what he has been taught...about the claimed invention and cast the mind back to the time the invention was made." *Id.* Accordingly, the proposed combination is improper and the rejection is respectfully traversed.

For any or all of the above listed reasons, the rejection of claims 2-4, 7-15, 17, and 19-20 as rejected under 35 U.S.C. 103(a) and as being anticipated by Ballard in view of Cruse, is respectfully traversed.

Summary:

Applicant respectfully submits that the application now stands in condition for allowance as patentable over the cited prior art. However, should the Examiner disagree, or if the Examiner is unclear or believes Applicant is unclear about any of the above, then Applicant respectfully requests an Interview prior to any Final Office Action, so that Applicant can ascertain what differences or misunderstandings exist, and move forward toward allowance of the application, as is clearly appropriate in light of the cited prior art.

Respectfully submitted,



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